



December 28, 2005

Virginia Stage Company 2005-06 Mid-Year Report

During the first six months of Virginia Stage Company's 2005-2006 season, the Board of Trustees and the staff have experienced dramatic success in several key operational and strategic aspects of the Company.

Board of Trustees

Since the end of last fiscal year, the Board of Trustees has added five new members:

- Patrick Gill; First Vice President, CB Richard Ellis, Commercial Real Estate
- Charlie W. Hill; Executive Vice President, HR with Landmark Communications, Inc.
- Roseann Runte, PhD; President of Old Dominion University
- Mark H. Tekamp; Managing Director, Heritage Wealth Management Group
- Regina Toomey; Vice President, Radisson Hotel Norfolk

To date, the Board membership is thirty-six. The Membership Committee is currently interviewing more potential Board members. The goal is to add at least four new Board members each season. The Board recognizes the need to continue to grow its membership and to offset retiring Board members.

Season Subscriber Growth

For the current 2005-06 season, the 27th for Virginia Stage Company, VSC has added **1,125 new** season subscribers. In addition, the Company was successful in renewing **88.4%** of last year's subscribers. This renewal rate far exceeds the national average of 75%. These successes have increased VSC's season subscription base from 3,574 in 2004-05 to 4,288 in 2005-06.

This 714 season subscriber increase is especially impressive when measured against the national trend that shows season subscriber bases eroding and shrinking.

This new season subscriber growth can be attributed to several factors, including:

- An interesting, dynamic mix of plays and musicals scheduled – all in keeping with last year's approved Artistic Strategic Plan.
- Consistent and professional production values for the prior season's plays.
- A well planned and executed professional marketing and publicity plan.
- Creation of our Best Ticket in Town season subscription option, where patrons can buy a season ticket to our five preview performances for only \$40.

Deficit Reduction

The Company successfully moved from a (\$204,000) loss in 2003-04 to a \$191,700 profit in 2004-05 - a nearly \$400,000 improvement in one year. The Company is on track to show a \$50,000 to \$75,000 profit in 2005-06, which will go towards further reducing the Company's shrinking deficit.

Increased Contributed Revenue

Keith Stava (VSC's Managing Director), Marilyn Richardson (VSC's Development Director) and the Board continue to be successful in generating contributed revenue from sources new to the Company as well as increasing annual gifts from individuals, foundations and corporations, including:

➤ Anonymous Foundation	\$50,000
➤ Norfolk TOPs Grant	\$15,000
➤ Strickland & Jones	\$12,000
➤ Anonymous Individual	\$10,000
➤ The MacArthur Center	\$ 5,000
➤ Landmark Communications	\$ 5,000
➤ Old Point National Bank	\$ 2,500

This is an ongoing process to broaden and increase the Company's base of contributed revenue support. Several other requests for support from "new" individual and corporate contributors are under consideration for the second half of the season.

Artistic Dream Team

Chris Hanna (VSC's Artistic Director) has been successful in forming VSC's inaugural Artistic Dream Team. This select group of area professionals, business leaders and artists will support the Company's artistic work in several ways:

- Work directly with Hanna to suggest projects or topics of special interest to Hampton Roads audiences.
- Discover new stage works through their travels to New York, London or other cultural destinations.
- Provide an objective eye from time-to-time in the VSC rehearsal hall.
- Contribute annually at a very generous level towards producing work that is artistically challenging and which elevated the profile of the Company nationally.

This Artistic Dream Team introduces a totally new national model for keeping our top theaters artistically adventurous and it represents one more way in which Virginia Stage Company will lead the country as a "theater of firsts."

New Box Office/Development System

In late December 2005, the Company was successful in securing a \$53,200 grant from The Norfolk Foundation to replace the Company's ailing box office and development system. The new system will be installed during the second half of the 2005-06 season and will go "live" in early June 2006. This new system will be the Tickmaster Archtics system that is similar to the ones currently in use by most of the other Norfolk based arts organizations. This will make a potential future shared box office a real possibility.

Production Quality

In the first season of shows programmed by Chris Hanna (VSC's Artistic Director), the first three productions of the season: the world premier of *The Taste Test*, the Virginia premier of the new comedy *Rounding Third* and *A Christmas Carol* have all been high quality productions earning favorable patron and critical comments/reviews while at the same time costing the Company less than budgeted.

Single Ticket Sales

In spite of competing against the National Tour of Disney's *The Lion King*, which is playing a six week holiday engagement at Chrysler Hall in Norfolk and has sold over \$6 million in tickets, VSC's cumulative single ticket sales for its first three productions is just \$5,000 under its projected budget goal.

New Marketing and Publicity Initiatives

To increase earned revenue for its main stage productions, Stava and Chad Bauman (VSC's Director of Communications) continue to create and implement several marketing and publicity initiatives that are new to VSC, including:

- Creation of a DVD Season Brochure. In an effort to separate Virginia Stage Company's 2005-06 "Season of Firsts" season subscription promotion brochure from all of the other mail pieces delivered to our patron's mailboxes and to draw attention to the Company, highlight its new Artistic Director and reinforce the uniqueness of the Company's performance home – the Wells Theatre, VSC created a DVD Season Brochure. While this new piece does not completely replace the traditional season brochure, it is an innovative, cost effective new way to appeal to the growing segment of our patron population who use their computers to view promotional materials and order tickets to events on-line. The Company used this new piece in a limited fashion during its 2005-06 season subscription campaign. We plan to use this new piece to a much wider degree during our upcoming 2006-07 season subscription campaign, which will run from late-January through September 2006.
- Creation of the Hampton Roads Concierge Performance and Attraction Guide. This Guide will promote the area's cultural attractions and performances by including individual promotional pages from each of the more 35 participating Hampton Road's arts organizations and cultural attractions. These Guides – created by Virginia Stage Company, will be distributed to fifty of the area's hotels to be placed at their concierge/front desks for their visiting guests' review. This "low-tech" marketing tool is a proven way to motivate "spur of the moment" sales to visiting tourists.
- Creation of the Hampton Roads Theater Alliance Program. With this program, Virginia Stage Company will partner with several of the area's non-profit resident theater producing organizations to feature cross-promotion of each others performances, including lobby displays/posters, program inserts, box office displays, website promotions and website cross-links.

New Marketing and Publicity Initiatives (continued)

- To more fully invest our patrons - and potential patrons, in Virginia Stage Company, we have created and added a “blog” feature to the Company’s website where guests can read candid, personal updates about the backstage and operational goings-ons at VSC and its productions from contributions posted by VSC senior staff and visiting guest artists. This marketing initiative created by VSC has already been copied by other regional theatres around the country.
- Completion and installation of large banner/signs on the rear wall of the Wells Theatre to promote VSC and our productions. This took a protracted, collaborative effort by the staff, the Board and several local business and community leaders to persuade City officials to amend the zoning laws to permit these banner/signs.

Collaborative Efforts with Other Local Nonprofit Organizations

To maximize resources, draw new patrons, generate new earned revenue and increase the base of contributing donors, Virginia Stage Company has continued to initiate several collaborative efforts with other Norfolk nonprofit organizations, including:

- Virginia Stage Company will partner with the Virginia Arts Festival to co-present The Reduced Shakespeare Company’s production of *All The Great Books (abridged)*. This hilarious comedy will play for 6 public and 3 school performances at the Wells Theatre from April 25 – 30, 2006.
- Virginia Stage Company will partner with both the Virginia Ballet Theatre and Todd Rosenlieb Dance in a series of cross promotion activities to support VSC’s dance-musical *Contact*. These activities include program ads, lobby posters, flyers, newsletters and website based promotions which will be implemented between November 2005 and April 2006. An element of this partnership will be the promotion of “a portion of all *Contact* single tickets sold to Virginia Ballet Theatre and Todd Rosenlieb Dance patrons will be given to those respective companies.”